GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:2328
ANSWERED ON:30.11.2016
Joint Venture Projects
Arunmozhithevan Shri A.

Will the Minister of RAILWAYS be pleased to state:

(a) whether 16 States have agreed to form Joint Venture Company with the railways with a 50:50 equity;

(b) if so, whether this is completely different from the previous pattern of 50:50 cost sharing system with the States and if so, the details thereof; and

(c) whether the projects the railways intend to implement in the next four years will be several times bigger than those implemented through budgetary resources and if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI RAJEN GOHAIN)

(a) & (b): So far, 5 State Governments namely Chattisgarh, Gujarat, Haryana, Kerala and Odisha have signed the Joint Venture agreement to create State specific joint ventures companies to undertake project development, resource mobilization and monitoring of mutually identified rail infrastructure project(s) with equity participation of Ministry of Railways limited to maximum 50%. State Governments of Andhra Pradesh and Maharashtra have also agreed to form joint venture companies. The Joint Venture Company can form Project Specific Subsidiary Company (Project SPV) which may have equity holding by other stakeholders like Banks, PSUs, Ports, Mining Companies etc. for its implementation.
(c): Indian Railways has taken steps to mobilize resources over and above the available Budgetary Resources to fasttrack execution of projects. Ministry of Railways has arranged Extra Budgetary Resources from Financial Institutions including Life Insurance Corporation of India for which Ministry of Railways has signed an MoU with LIC for a loan of 1,50,000 crore to be received over a period of five years, for funding capacity enhancement projects. In addition, Ministry of Railways has approached State Governments to either share the cost of the projects or take up the projects through joint venture to be formed with the respective State Government. The extent of implementation of projects depends upon the response of the State Government. So far, 16 States have come forward to share cost of 43 projects. The total cost of these 43 projects is 62,379 crore. State Governments are sharing 25% to 66% cost of the project. In addition, some of the State Governments are also giving land free.